GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:2003
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Auction of Coal Blocks
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Will the Minister of COAL be pleased to state:

(a) the number of coal blocks auctioned/proposed to be auctioned across the country during each of the last three years and the current year, State-wise;

(b) whether the coal mines whose auctions were cancelled earlier have been re-auctioned and if so, the details thereof;

(c) whether the revenue generated from auction of the said coal blocks have been transferred to the respective States by the Union Government so far and if so, the details thereof, State-wise and if not, the reasons therefor;

(d) whether the cases of cartelisation/other irregularities have come to the notice of the Government in the auction of the said coal blocks in the country and if so, the details thereof, company-wise along with the action taken/being taken by the Government in such cases so far; and

(e) the other steps taken/being taken by the Government to ensure transparency in auction of the coal blocks?

Answer

MINISTER OF STATE (I/C) FOR COAL, POWER, NEW & RENEWABLE ENERGY AND MINES
(SHRI PIYUSH GOYAL)

(a) & (b): Allocation of 204 cancelled coal mines are made under the provisions of the Coal Mines (Special Provisions) Act, 2015 and the Rules made thereunder.

So far, the Government have allocated 31 coal mines by way of auction under the provisions of the Coal Mines (Special Provisions) Act, 2015 and the Rules made thereunder. The State-wise and year-wise details are as under:

State Auction Year
2014-15 2015-16 2016-17
Chhattisgarh 5 0 0
Jharkhand 10 0 0
Madhya Pradesh 5 0 0
Maharashtra 3 2 0
Odisha 3 0 0
West Bengal 3 0 0
Total 29 2 0

Allocation of coal mines / blocks under the provisions of the said Act is an ongoing process and 23 coal mines have been proposed to be allocated by way of auction under the Action Plan for 2017-18. Since the final closing bid price in case of 4 coal mines, namely, Gare Palma IV/2& IV/3, Gare Palma IV/1 and Tara, was not found to be reflecting fair value, the Government did not to approve these bids. Out of these 4 coal mines, Gare Palma IV/1 coal mine has been proposed to be allocated by way of auction under the Action Plan 2017-18.

(c): A total revenue of Rs. 2,142.54 crore (excluding Royalty, taxes, cess etc.) has been generated upto June, 2017 from the auction of coal mines. Out of this, approximately Rs. 2,139.94 crore has already been transferred to/directly deposited with the respective States and an amount of Rs. 2.60 crore is with the Central Government. State wise details are as under:

Revenue generated and transferred to State Government from auctioned coal mines up to June, 2017
State Revenue Generated (In Rupees) Revenue Transferred to /directly deposited with State Government (In Rupees) Revenue with Central Government (In Rupees)
Chhattisgarh 9211113970 9211113970 0
Jharkhand 2263857214 2263857214 0
Madhya Pradesh 5404921537 5378918530 26003007
Maharashtra 809470935 809470935 0
Odisha 466311661 466311661 0
Telengana 0 0 0

West Bengal 3269760398 3269760398 0
Total 2142,54,35,715 2139,94,32,708 2,60,03,007

Payments on account of monthly payment calculated on the quantity of coal produced as well as second and third instalments of Upfront Amount are now deposited by the successful bidders/ allottees directly with the host States where the coal mine is located.

(d): A few complaints were received regarding cartelization in bidding. Since, the final closing bid price in case of 4 coal mines, namely, Gare Palma IV/2& IV/3, Gare Palma IV/1 and Tara, was not found to be reflecting fair value, the Government did not approve these bids. In order to prevent the possibility of cartelization/price manipulation, auction design has been slightly modified whereby multiple bids submitted by a Company or a Group in initial price offer (IPO) for a coal mine would be counted as one for the purpose of determining the eligibility to participate in final price offer (FPO).
(e): To keep the process transparent, the first ever auction of coal mines were conducted through e-auction mode on an electronic platform. No physical bids were accepted or considered. Applications were required to be submitted online for allotment of coal mines to Government companies also. Further, to ensure the foolproof security of the E-platform of M/s MSTC, Security Audit had also been conducted prior to auction of coal mines. It was one of the most transparent auctions where bids were placed on an electronic platform accessible to everyone with an internet connection. In fact, everyone had the option of tracking the progress of the auction on their mobile phones. The Ministry had to augment the server capacity as many people were viewing the auctions live simultaneously. The number and names of the companies which had applied were publicly disclosed in open forums where

hundreds of bidders were present along with members of the media too. The entire proceedings were videotaped. There were also press releases and names were disclosed on the auction website. Technical and financial parameters for the qualification of bidders were clearly laid down in the tender document, which is even today available in the public domain on the website. Grounds for disqualification were also clearly mentioned in the tender document. Specific reasons were given to such bidders. The initial bid price (applicable floor price) and subsequent bids were also publically visible. The parameters for determining the floor price and subsequent bids were part of the methodology and on public display on the website. Thus, each and every data point was actually available in the public domain.

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